

**Allocations for the 2004-2005
W-2 And Related Programs Contract**

(Updated February 3, 2004)

Allocation information for the W-2 and Related Programs Contract for the 2004-2005 Contract Period are presented below. Caseload and funding amounts are presented on the following charts.

Base Allocation

The Base Allocation for the W-2 and Related Programs is identified by W-2 geographic area (see W-2 Base Allocations chart) and includes the following three parts:

- Administration: funding for the costs of management and overhead related to the operations of the W-2 and Related Programs within the agency. This includes costs associated with intake, screening and eligibility determination and other shared costs as determined by the approved federal cost allocation methodology for the agency.
- Services: funding for services and staff costs related to the provision of services and other non-benefit allowable expenditures.
- Benefits: funding for CSJs, W-2 T, and Custodial Parent of an Infant payments for the estimated caseload in each W-2 geographic area or consortium.

The sum of Administration, Services, and Benefits is the Base Allocation. Although information is presented for the separate categories of Administration, Services and Benefits, a W-2 agency has the flexibility to use the Base Allocation for allowable expenses even if the ratio between Administration, Services and Benefits differs from the amounts in the chart. The exception to this flexibility is that Administration is capped at fifteen percent (15%) of the initial Contract total (twelve percent [12%] for Milwaukee geographic areas).

The new Total Base Allocation consists of the Base Allocation amount published on August 4, 2003 (section A of the chart) and the amount in the share of redirected transitional jobs funding (October 24, 2003).

In order to address the likely change in caseload over the period of the Contract, the Department, as in previous contract periods, is reserving the right for funding to be re-allocated to W-2 agencies based on more recent caseload information. The Department will solicit input from W-2 agencies prior to determining re-allocation amounts.

Base Allocation Methodology

In order to determine the Base Allocation, the following steps were taken:

- 1) Administration allocations for the six Milwaukee geographic regions are set at twelve percent (12%) of the contract level to reflect historic spending needs for these regions. The amount of the Milwaukee Administrative Reduction will be reserved by the Department to meet unforeseen program needs in the Milwaukee geographic regions.
- 2) The Department has established a minimum W-2 cash caseload number to reflect the minimum infrastructure necessary for an agency to conduct business. Any W-2 geographic area that had fewer than five W-2 Payment Cases in the caseload average receives a base of five cases prior to applying the full weighted caseload allocation methodology.
- 3) In August, the Department reduced the overall allocation level to reflect the funding needed for transitional jobs. \$2,424,796 was reserved from the Services Allocation for costs associated with Mentoring of transitional jobs participants. \$29,767,392 was reserved from the Benefits Allocation for the costs of wages and related costs for transitional jobs participants. \$2,000,000 is reserved for Administration of the transitional jobs component. The

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W-2 agency is still required to provide educational and barrier assessment and appropriate case management services for transitional jobs participants.

On October 24, 2003, the Department adjusted the transitional jobs funding based on its revised plan for the implementation. Accordingly, \$13.2 million (from benefits) and \$1.1 million (from services) was restored to the Total Base Allocation (see section B of the chart).

Caseload Assumptions for Section A

Averaging each caseload type using the twelve (12) months from July 1, 2002 through June 30, 2003 and then applying a weight to each caseload type determines the Total Adjusted Caseload. The weight reflects the effort the worker uses for that type of case. The methodology was developed by the Department with input from the W-2 Contracts and Implementation (C&I) Committee Caseload Information Subcommittee. The caseload types include: W-2 Paid, W-2 Not Paid, Food Stamp Employment and Training (FSET), Child Care (CC) Only, CC/Medical Assistance (MA), CC/Food Stamp (FS), and CC/MA/FS.

The average of the most recent twelve (12) months for each caseload type allows for the variance in caseloads and recognizes seasonal or local trends that may be taking place in individual areas. Relative weights were attributed to each caseload type to reflect the workload of the W-2 worker for that case type. This recognizes that all cases do not require the same effort. The final caseloads are totaled to get the Total Adjusted Caseload. Each W-2 geographic area's percentage of the statewide Total Adjusted Caseload is applied to the monies to be allocated. By using this process for allocation of the funding allowed in the 04-05 Biennial Budget, each W-2 geographic area is allocated their proportionate funding based on workload to the other W-2 areas.

Funding for Services was allocated using the Total Adjusted Caseload described above. The funding for cash benefits was allocated based on the area's proportion of the W-2 Cash twelve (12) month average caseload. The funding for Administration is fifteen percent (15%) of the total for Administration, Services and Benefits. Milwaukee's administrative funding is twelve percent (12%) of the Milwaukee total for Administration, Services and Benefits, to allow for the set-aside.

Share of Redirected Transitional Jobs Funds for Section B

For the additional \$14.3 million redirected from transitional jobs to the W-2 Base Allocation, while the formula remains the same, the latest caseload data available (October 2002 through September 2003) was used.

The addition of \$14.3 million for benefits and services results in an amount that is slightly less than fifteen percent (15%) Administration for the "balance of state" and slightly less than twelve percent (12%) Administration for Milwaukee regions.

Funding Outside the Base Allocation

Other funds available to W-2 agencies but not reflected in the Base Allocation for the 2004-2005 W-2 Contract and Related Programs include the following:

- Job Access Loan (JAL) funds. An allocation schedule for JALs is issued (and attached).
- Children First (CF). Children First funds will be based on a local decision regarding whether the W-2 agency will administer the program and subject to the Department's approval of the agency's plan.
- Food Stamp Employment and Training (FSET) Local Match. FSET funds to match local funds are available at the request of the W-2 agency provided the source of local funds are an allowable source in accordance with federal regulations. Note - the requirement to serve FSET cases is covered by the Base Allocation.
- FSET Supplement. The FSET Supplement allocation was previously called FSET Able Bodied Adults Without Dependents (ABAWD). The FSET Supplement allocation schedule is issued (and attached). The Farm Security and Rural Investment Act of 2002 (a.k.a. the Farm Bill) eliminated the requirement that eighty percent (80%) of this allocation be used for ABAWDs. This supplemental FSET allocation may be used on any FSET participant, including ABAWDs. Note – the requirement to serve FSET ABAWD participants remains and is also covered in the Base Allocation.

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- Contracted Child Care (CCC). CCC funds will be based on a specific plan submitted by the W-2 agency and approved by the Department.
- Consortium Incentive Funding. Additional resources may be available for one-time costs to support the development of consortium infrastructure during the first year of a consortium not to extend beyond the contract period.

Cost Allocation

Expenditures of funds provided through the Base Allocations must be in accordance with the Department's federal cost allocation plan and related cost reimbursement policies.

Child Care Eligibility

The Base Allocation for W-2 agencies includes funding for determining eligibility for the Wisconsin SHARES child care subsidy program. The W-2 agency may provide this service directly or subcontract with another qualified agency to determine eligibility using funds from their W-2 and Related Programs contract funding.

Tribal TANF

In the event that a Tribal Nation elects to create a Tribal TANF program, the W-2 Base Allocations may be adjusted to reflect the Tribal share of the State TANF Block Grant funds.